

UNITED STATES DEPARTMENT OF AGRICULTURE
Rural Electrification Administration

November 23, 1949

X REA approves loan of \$10,265,000
East Kentucky Rural Electric Cooperative. X

To help relieve a power shortage in east-central Kentucky, the Rural Electrification Administration today approved a \$10,265,000 loan to the East Kentucky Rural Electric Cooperative Corporation of Danville, Kentucky, it was announced by the U. S. Department of Agriculture.

The loan, which is subject to the approval of the Kentucky Public Service Commission, will be combined with a previous loan of \$2,000,000 approved by REA to the corporation on October 9, 1941, to build a 40,000 KW steam plant at Ford, Ky., and a network of 597 miles of 69 KV transmission lines. The lines will carry the power to the load centers of the 13 REA-financed distribution cooperatives which make up the membership of the East Kentucky Rural Electric Cooperative Corporation.

The new generation and transmission system will assure the member cooperatives a dependable and adequate supply of power, as well as lower rates, something which existing suppliers could not assure the co-ops.

According to REA, the proposed transmission system will be constructed to connect with TVA's transmission system in the area. This connection will enable the cooperative to call upon the TVA system for any power which might be needed to firm up its own supply. Further, it will enable the co-op to purchase secondary power from TVA. In return, the co-op will have facilities to sell any surplus power it might have to TVA.

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The member co-ops to receive service under this loan are: Salt River Rural Electric Cooperative of Bardstown; Taylor County Rural Electric Cooperative Corporation of Campbellsville; Inter-County Rural Electric Cooperative Corporation of Danville; Shelby Rural Electric Cooperative Corporation of Shelbyville; Farmers Rural Electric Cooperative Corporation of Glasgow; Owen County Rural Electric Cooperative Corporation of Owenton; Blue Grass Rural Electric Cooperative Corporation of Nicholasville; Fox Creek Rural Electric Cooperative Corporation of Lawrenceburg; Harrison County Rural Electric Cooperative Corporation of Cynthiana; Clark Rural Electric Cooperative Corporation of Winchester; Nolin Rural Electric Cooperative Corporation of Elizabethtown; Fleming-Mason Rural Electric Cooperative Corporation of Flemingsburg; and the South Kentucky Rural Electric Cooperative Corporation of Somerset.

To date, the 13 REA-financed distribution cooperatives are serving or have plans to serve some 80,000 rural consumers, principally farmers, in 62 counties.

With power made available from the facilities financed by this loan, these rural electric co-ops will be able to add some 21,000 farmers and other rural consumers to their lines within the next 10 years.

In addition to a short supply of power, conditions which led to approval of the loan included high wholesale rates charged by the commercial utilities, and unreliable service. These factors made it impossible for the REA-financed cooperatives to provide adequate and economical electricity to their consumers.

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East Kentucky Loan

Approval of the loan today culminated an effort of many years by REA-financed cooperatives in east-central Kentucky to achieve more favorable arrangements for their wholesale power supply. The first step was taken in 1941, when REA approved the \$2,000,000 loan which is to be combined with the loan approved today, for additional generating and transmission facilities. World War II necessitated a delay in the planned program.

In post-war years, the power situation in rural Kentucky has grown progressively worse. It has been the concern of State officials, as well as leaders of the rural electric cooperatives.

In the plan approved today, the co-ops believe they have the best possible solution to their problem -- an adequate and dependable source of power at rates which they can afford to pay.

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